

Poland's Growing Economy Supports Consumer-Oriented Food Sales

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Following Poland's accession to the EU (European Union) on May 1, 2004, U.S. products entering Poland are subject to EU external tariffs and other requirements. Prices of food products have risen since Poland joined the EU, and the Polish zloty vs. dollar rate has risen nearly 13 percent. These changes are benefiting U.S. product competitiveness.

U.S. sales to Poland have been rather limited (about \$68 million in 2003, including \$27 million in poultry shipments to Eastern Europe). However, there are indirect sales via Western Europe for wines, distilled spirits, dried fruits and nuts. Other opportunities exist, given an upsurge in the economy and EU membership.

For years, most U.S. food and agricultural exports to Poland have been in the consumer-oriented category. And fiscal 2003 exports followed the same trend—81 percent, or \$55 million worth, of U.S. food exports to Poland fell in the consumer-oriented category.

Of the \$4 billion Poland spent on its total food and agricultural imports, 27 percent went for processed foods, up from 23 percent (\$739 million) in 2000. These purchases reflect an improving GDP (gross domestic product), which grew 3.8 percent in 2003 and is expected to have increased another 5.4 percent in 2004. Other positive economic indicators for the country include falling rates of inflation and unemployment.

Post-Accession Price Breaks

Since Poland's entry into the EU in May 2004, duties on some imports have declined.

Products becoming more competitive because of falling duties include wines, dried fruits, nuts and salmon. This should help U.S. exporters of these products build on their already rising sales to Poland, which amounted to several million in 2003.

Food Industry Changing

As consumer incomes grow, the food industry is undergoing a radical transformation. On the food retail front, with consumers willing to pay more for convenience, new foreign hypermarkets are changing the face of retail marketing. They now account for 15 percent of all national grocery distribution.

The development of tourism, more women in the workforce and annual income increases have resulted in a burgeoning HRI (hotel, restaurant and institutional) sector.

For Poles living in urban areas—62 percent of a 38.6-million population—eating out is no longer a rarity. Diners readily sample a variety of ethnic foods, and show a special fondness for fast-food meals.

Foreign Investment for Infrastructure

Foreign investment in the food industry increased from \$6.1 billion in calendar 2002 to \$6.4 billion in 2003. Having spent \$13.9 billion since 1993, France is Poland's largest Western investor. To the East, Russian investors have spent \$1.3 billion on facilities in Poland.

Most funding in the food industry has been for updates to transportation and food processing facilities.

Select Retail Opportunities

There are obstacles to selling products to Polish groceries and restaurants—stiff competition from Poland and other EU countries, comparatively high import duties, stringent food ingredient regulations and high shelf fees. But there are opportunities also.

Good prospects include:

- Wines and distilled spirits
- Food ingredients (egg powder, spices, prunes)
- Fish for processing
- Fruits (grapefruit) and vegetables (canned corn)
- Ready-to-cook products (shelf-stable microwaveable foods)
- Snacks (dried fruit and nuts)
- Health foods
- Luxury or exotic products ■

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For details, see FAS Reports PL4016 (wines), PL4018 (seafood), PL4019 (value-added products), PL4020 (grapefruit), PL4022 (dried fruits and nuts) and PL4025 (distilled spirits). To find them on the Web, start at **www.fas.usda.gov**, select **Attaché Reports** and follow the prompts.

